

BRITISH REPLY TO AMERICAN NOTE REACHES WASHINGTON

Document Satisfactory in Main,
But Insistence Carries When
Seized On Suspicion Must Undergo
Extended Examination

DOWNING STREET CONCURS IN PRINCIPLES SET FORTH

Put Alleged Fraudulent Practices
By Shippers, Who Attempted
To Smuggle Contraband Un-
manifested, Appear Important

WASHINGTON, January 11.—The text of the preliminary reply of the British government to the note of protest sent respecting the naval interference of the British with the legitimate foreign trade of the United States, was given out yesterday and has been received as meeting to a large extent the demands of the department of state. The publication of the reply has been made simultaneously in London, by mutual agreement between the state department and Downing street.

ONE POINT AN ISSUE

Only on one point is it believed there will be any further difficulty in the way of a speedy settlement of all the matters under contention. While high officials of the government regard the general tenor of the British reply as friendly and satisfactory, it is not believed that the United States will accept the British view that American cargoes must be taken to port for extended examination when seized on suspicion by British warships.

CONCURS IN PRINCIPLE

The British reply concurs in the view taken here regarding the rights of neutrals to carry on their trade with as little interference as possible, which interference should only come when it is imperatively necessary.

While conceding in principle all the American contentions regarding the seizures of cargoes and the stopping and searching of vessels carrying non-contrabands between neutral ports, the British note points out the difficulties that arise in observing all these principles in actual practice.

FRAUDULENT SHIPMENTS

The reply refers to the alleged fraudulent practices on the part of some shippers, who attempt to smuggle contraband, unmanifested, and in some instances concealed in outer wrappings of non-contraband. The official statistics of the various American ports and of the department of commerce and labor are cited in the reply as furnishing grounds for the suspicion that Germany and Austria are obtaining through neutral countries large quantities of contraband from the United States. In many instances the statistics show that the exportation of contraband to neutral countries has increased out of proportion to the need of these neutrals. Indirect shipments of contraband, the reply points out, are as necessary to be stopped as direct shipments.

REDRESS WILL BE MADE

The British government promises, however, that Great Britain "will make redress" whenever through any action of the British fleet British activities "may unintentionally exceed" the just limits of international law.

The officials here construe the note as conceding that the principles expressed in the American note are correct and just and are

VILLA REVERSES REGENT DEFEAT

Reorganizes Army At Saltillo and
Gains Decisive Victory Over
Carranza Forces

(Associated Press by Federal Wireless.)
LAREDO, January 11.—It was reported here last night that General Villa has reversed the defeat inflicted upon his troops a few days ago and has decisively defeated the Carranza Generals Villalobos and Herrera in a three-day battle at Saltillo.

Following the first engagement, in which the Carranza forces claimed a decisive victory, Villa fell back upon Saltillo, which was held by his troops, and prepared to give battle again.

His troops are reported to have captured Victoria, which was held by the enemy.

Secretary of War Endorses Chamberlain Senate Bill, Now Pending, in Letter

(Associated Press by Federal Wireless.)
WASHINGTON, January 11.—Secretary of War Garrison has written a letter to Senator Chamberlain, endorsing the latter's bill for the enlargement of the regular army, which is taken to indicate the attitude of the administration in view of the latest developments in the investigation of the condition of the national defenses.

The Chamberlain bill provides for the maintenance of the mobile army at its maximum war strength, in order to bring a much greater number of men under arms. It also provides for an increase of a thousand officers to be appointed among all arms of the service. If this bill should be accepted by Congress it would raise the enlisted strength of the army, exclusive of the Philippine Scouts, to 100,000. Deducting the number of troops required for service overseas, this would leave a mobile force of 50,000 troops under arms at all times within the continental limits of the United States.

KAUAI EXCURSION TO BE PROMPTED

Outdoor Workers Will Begin To
Organize Party of Two
Hundred Explorers.

The outdoor workers of the promotion committee and the Trail and Mountain Club will begin today to make up the list of the two hundred explorers needed to charter the Kilanea for the Kauai excursion. The present plan is to sail from Honolulu at ten p. m. on the night of Friday, February 12, reaching Nawiliwili at daylight of Saturday, February 13. Breakfast will be served aboard. Those who wish may land here for Lihue, or they may go by auto to Hanalei in one direction or Waimea in the other, the auto rate being five cents a mile per person.

After breakfast the Kilanea will depart for Hanalei, reaching there at about 10 a. m. on the night of Friday, February 12, and will remain there until the night of Saturday, February 13. The boat will remain in Hanalei harbor, serving breakfast and lunch Sunday to those who wish to go aboard, and sailing for Honolulu after dinner Sunday evening, arriving there at daylight Monday morning. The entire fare and expenses will be \$9.50, if the party of two hundred is made up.

Many of the hikers who will take the trip intend making an attempt to explore the famous Kauai canyons as well as crossing the island from Waimea to Hanalei, where they will take autos for the Kilanea at Nawiliwili. The Trail and Mountain Club will lend camping gear free of charge to those who do not wish to get their meals or sleep aboard the steamer.

Those who wish to make the Kauai trip are asked to notify the promotion committee at once, phone 2345. Next Friday all of those who wish to join the party are invited to meet at lunch in Cooke Hall, Y. M. C. A. building, at noon. Good talks will be given on Kauai scenery, and Roy Jerome Baker will show some of his remarkable Kauai pictures.

(Associated Press by Federal Wireless.)
SAN FRANCISCO, January 11.—Thomas Dermot, father of Maxine Elliott, the American actress, and Lady Forbes-Robertson, wife of the British actor, died at his home in Oakland yesterday. He was seventy-eight years old.

upheld by international law. Secretary of State Bryan stated last night that he would postpone comment upon the British reply until the full answer to the American note is received.

HILO HAS A JOKE ON THE GOVERNOR

Chief Executive's Position With
Reference To Homesteads
'Ridiculous and Serious'

Hilo has a joke on Governor Pinkham, but the town is not altogether delighted over the joke, for it may mean that it will not get the much desired Waialeale and Pihouma districts opened for homesteading purposes until it has "provided a system of installation of public utilities that would obviate all tearing up of the streets forever."

When Governor Pinkham's letter came to Norman K. Lyman stating that there must be such a system before the homesteads could be opened, the townsmen smiled at first, but later frowned. It seemed to them impossible and absurd that the governor should make such stipulations for a district where farming activities are to be carried on by homesteaders.

Such stipulation would be all right in a city tract, or in parts of Hilo itself, it was argued, but impossible for Waialeale and Pihouma. The Hilo board of trade reached the charitable conclusion that the governor had made a blunder.

Text of Letters Exchanged

The following are the letters exchanged between Mr. Lyman and the chief executive:

"Hon. L. E. Pinkham, Governor of the Territory of Hawaii, Honolulu, T. H.

"Dear Sir:—During the administration of your predecessor in office there was a considerable amount of agitation concerning the opening up of the lands of Waialeale and Pihouma immediately adjoining the city of Hilo. Many public meetings were held and the deepest interest taken by all classes of people. From these meetings and the appeals made by private citizens the governor became convinced that the acquisition of affairs in Hilo could reasonably be described as that of a land famine. The two lands in question are under lease to the Waialeale Mill Company and to John T. Baker respectively. The lease of Waialeale expires June 1, 1918 and that of Pihouma March 31, 1921, but both of the leases have consented to a release of a portion of the lands so as to make them immediately available to the citizens of this community. The compensation to be paid to each of the lessors was inconsiderable and entirely disproportionate to the large benefits accruing to the public from the opening up of the lands.

'Subtle Influence' Hinted

"Governor Frazar and those associated with him frankly acknowledge the pressing need of making these lands available to the public but there seemed to be always some subtle influence at work preventing the actual realization of what was either demanded on the one hand or conceded upon the other. So subtle was the influence preventing the opening of these lands that no one dared to point out the source from which the opposition came. The subject has been up for discussion for some years now and the need is even more pressing at the present time than any time heretofore. I can testify from my own knowledge derived from conversations with my neighbors and friends that they have looked and are looking to you to bring about a change in the particular matter which I am addressing you. We believe that a little energetic direction from you will bring about an immediate opening up of a sufficient amount of these two government lands to give the people of this community an opportunity to go upon the lands and till it, thereby becoming prosperous and useful citizens. We are anxious to co-operate with you in this and in all other matters which tend to the prosperity and welfare of the Territory. We believe that you will agree with us that nothing will advance the interest of the community more than making available good agricultural lands which can be had by those who are willing to work them at a reasonable price. We feel, however, that we have patiently waited for a change in these matters and that we are entitled to immediate and forceful action on the part of the administration.

People Have Been Patient

"The people of this community without regard to political preference have wished you well in your administration of the affairs of the Territory. I can testify from my own knowledge derived from conversations with my neighbors and friends that they have looked and are looking to you to bring about a change in the particular matter which I am addressing you. We believe that a little energetic direction from you will bring about an immediate opening up of a sufficient amount of these two government lands to give the people of this community an opportunity to go upon the lands and till it, thereby becoming prosperous and useful citizens. We are anxious to co-operate with you in this and in all other matters which tend to the prosperity and welfare of the Territory. We believe that you will agree with us that nothing will advance the interest of the community more than making available good agricultural lands which can be had by those who are willing to work them at a reasonable price. We feel, however, that we have patiently waited for a change in these matters and that we are entitled to immediate and forceful action on the part of the administration.

Reply by the Governor

"Norman K. Lyman, Esq., Hilo, Hawaii:—Your favor of the twenty-fifth in re opening up of the lands of Waialeale and Pihouma, adjoining the city of Hilo, is at hand.

"I have recently had a plat of the Waialeale tract and have informed them that before I consented to the opening of the tract they would be obliged to provide a system of installation of public utilities that would obviate all tearing up of the streets forever. I directed Superintendent of Public Works Caldwell to submit a practical plan covering the essentials. It costs less than the old way and insures the absolute non-disturbance of the roads for installations or connections.

"When received I shall be in a position to move further in the matter. Very respectfully,
"L. E. PINKHAM,
"Governor of Hawaii."

(Associated Press by Federal Wireless.)
SAN FRANCISCO, January 11.—Captain Sam Simpson Dean, a wealthy and prominent coast lumberman, died here last night. He was ninety years of age.

FRENCH FAIL TO DISLodge TEUTON FORCE

Fourth Attempt To Retake Village in Alsace Reported As
Quashy Fizzle

Berlin Says Heaviest Fighting In
West Is In Vicinity
of SOISSONS

French to Retake the Village of

(Associated Press by Federal Wireless.)
BERLIN, January 11.—The fourth attempt to retake the village of Burnhaupt-Lehaine, south of Senheim, Alsace, which was made on Friday night, is reported in the official statement issued from the headquarters of the general staff yesterday. The attempt, says the report, was a ghastly failure, the French losing heavily, a great number of the dead and wounded being left to lie where they fell before the German positions and in the neighboring woods. The attack was a complete failure.

Quiet in Flanders

There was no fighting of consequence in Flanders yesterday, except along the coast before Nieuport, the River Yser having overflowed and flooded the neighboring country. From Nieuport the Allies advanced in an effort to drive the Germans out of the dunes, but the effort was fruitless.

In the western theater the heaviest fighting is now taking place in the vicinity of Soissons.

"Northwest of Soissons we repulsed repeated attacks by the French right yesterday, and inflicted heavy losses upon the enemy. The battle will begin again today at Soissons," says the official announcement issued last night.

FRENCH ATTACK BROKEN DOWN

The official report also says that: "Near Berthine a fierce attack by the French broke down under our fire and was repulsed with heavy loss to the attackers."

"In the Argonne region we have gained further ground. Battles continue there and also in the neighborhood of Apremont."

RUSSIAN ADVANCE REPULSED

Regarding the fighting in Poland, the official report says: "The situation on the eastern front is unchanged. Unimportant Russian advances south of Mlawa were repulsed."

FRISCO BANK GETS LOW DISCOUNT RATE

(Associated Press by Federal Wireless.)
WASHINGTON, January 9.—The Federal Reserve Board has approved a rediscount rate of four per cent with maturities up to thirty days for the San Francisco bank. This is the lowest rate which has yet been named on this class of loans.

Famous American Merry-maker

Dead After Grieving a Year
Over Losing Wife

(Associated Press by Federal Wireless.)
ST. PAUL, January 11.—Marshall P. Wilder, the widely known American author and humorist, died in a hotel here yesterday. He had been appearing in vaudeville and was here on a professional visit. His friends say that he has suffered from mental depression since the death of his wife, which occurred a year ago.

NO CELEBRATION OF KAISER'S BIRTHDAY

(Associated Press by Federal Wireless.)
AMSTERDAM, January 9.—The Berlin correspondent of the London Telegraph says that the Prussian ministry of state has decreed: "In view of the seriousness of the times, public festivities should be postponed on the Kaiser's forthcoming birthday, January 27."

DON'T COUGH

It is absurd to allow a cough to hang on and say your vitality when Chamberlain's Cough Remedy will cure you. You don't know where a persistent cough is when it is such a simple thing to stave off a chemist's shop and get a bottle of Chamberlain's Cough Remedy. For sale by all dealers. Beware of Smith & Co., Ltd., agents for Hilo.

GERMANS REOCCUPY STEINBACH AFTER A STRENUOUS BATTLE

RUSSIAN GRAND DUKE KILLED IN PERSIA, WHERE TURKS ARE
VICTORIOUS—GERMANS ADVANCE AGAIN IN POLAND

BASEL, Switzerland, January 10.—(Associated Press by Federal Wireless.)—It is reported here that the French, after suffering heavy losses in attempting to defend their positions, have been forced to retire from Steinbach towards Thann. The German troops immediately reoccupied Steinbach.

GRAND DUKE KILLED

(Associated Press by Federal Wireless.)
BERLIN, January 10.—An Austrian official dispatch reports that the Russian Grand Duke, brother-in-law of Czar Nicholas, was killed in Persia.

FRENCH REPULSED

The German official statement for the day says: "The French attack near Ferrières has been repulsed with severe loss. In Eastern Argonne we have stormed the French positions and captured 1300 men and several machine-guns. The French have been driven out of Burnhaupt-Lehaine, in Alsace."

NEW GERMAN OFFENSIVE

(Associated Press by Federal Wireless.)
LONDON, January 10.—Taking advantage of the increasing cold and the freezing of the marshes and muddy roads in East Prussia and Poland, the Germans are staging a new drive in an attempt to cut through the Russian line.

MID AND SLUSH

VIENNA, January 10.—An official announcement from the war office describes the weather conditions at the front as unrelenting, the severe cold spell having broken. It is thawing, with a heavy rain falling, making the whole Galician and Polish plain a sea of mud, through which it is impossible for troops to march or for artillery to be moved.

On the Lower Vistula and as far as the

the Greek Pass there has been comparatively little fighting. In the Carpathians the snow is melting, the lower valley being flooded.

ALLIES SAID TO BE WITHIN STRIKING DISTANCE OF OSTEND—CIVILIANS LEAVING

(Associated Press by Federal Wireless.)

LONDON, January 10.—Despatches from Shuis state that the Allies have advanced along the Belgian coast within striking distance of Ostend, from which all the civilians have fled, anticipating a battle for the possession of the city. The Allies are stated to be now within nine miles of the place and in touch with the German garrison.

TURKISH CRUISERS SEVERELY DAMAGED

Russian Black Sea Fleet Closes
In Upon Big Warships
of Islam

(Associated Press by Federal Wireless.)
PETROGRAD, January 11.—It was reported in a semi-official announcement last night that the Turkish cruisers Breslau and Hamidieh had been severely damaged in an engagement which took place Wednesday morning with the Russian Black Sea fleet. No official report of the situation on land was given out yesterday.

DYNAMITE TO SETTLE POLITICAL TROUBLE

(Associated Press by Federal Wireless.)
LITTLE ROCK, January 10.—A dynamite outrage was perpetrated yesterday at Argenta, near here, where the home of Mayor Faucett was blown up and completely wrecked. It is believed that the deed was committed by political enemies. Fortunately all the members of the Faucett family were away from home at the time.

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(Associated Press by Federal Wireless.)
WASHINGTON, January 11.—Reports received here from the Holyland say that hundreds of missionaries and other religious workers are facing starvation as the result of having been evicted by the Turks from the camps and communities in which they lived.

Major John P. McGill, Marine Corps, has reported at Vallejo, for duty as warden of the naval prison at Mare Island. He will relieve Captain Arthur B. Owens, Marine Corps.

(Associated Press by Federal Wireless.)
VIENNA, January 11.—A very isonic announcement was given out by the government last night, which says the situation is generally unchanged. Artillery duels are reported to be taking place north and south of the Vistula River.

(Associated Press by Federal Wireless.)
SAN DIEGO, January 11.—In yesterday's polo game Coronado defeated the All-Stars by a score of 9 to 4.

LONDON SAYS REPORT THAT BRITISH HOLD LILLE IS TRUE

Despatch From Boulogne Con-
firms Story of German Evacua-
tion After Having Been Sub-
jected To Heavy Bombardment

TEUTON AERIAL SQUADRON

AGAIN MENACES DUNKIRK

After Dropping Thirty Bombs
Aviators Start Across Channel
To Attack English Coast But
Unfavorable Weather Prevents

ONOND, January 11.—The

most important news regarding yesterday's operations was received last night in a despatch from Boulogne, confirming a previous report that the Germans had evacuated Lille, where they have been subjected to a heavy bombardment and continual attacks, and that the British troops are now in virtual possession of the place and are strengthening their position.

AERO ATTACK ON DUNKIRK

Reports received last night from France say that the Germans again subjected Dunkirk to an aerial bombardment yesterday. The hostile aviators dropped thirty bombs in the town, but owing to precautions taken after the earlier raids they were obliged to do their work hastily and to make a speedy escape. As a consequence there were few victims and little damage. There were a dozen aeroplanes in the squadron.

HOVER OVER CHANNEL

The London Times is in receipt of advices saying that sixteen German aeroplanes were seen over the English Channel. They were believed to be contemplating a raid on England, but returned to Dunkirk owing to unfavorable weather. It is believed these are the same machines which bombed Dunkirk.

ALLIED ARTILLERY 'SUPERIOR'

The official British observer at the front asserts that heavy guns are supremely important in modern warfare, and that the allied artillery is gradually assuming the superiority.

GERMANS LOSE HEAVILY IN REGION OF SOISSONS

PARIS, January 11.—Yesterday was marked by a series of attacks and counter-attacks in the battle in the region of Soissons, the Germans endeavoring to retake their last position, which, however, the French continue to hold. The German losses in these counter attacks were heavy.

FRENCH MAKE PROGRESS

Some of the severest fighting of the day took place north of Perthes, where the French, according to the official bulletin, not only held their ground against the counter attacks but made progress and captured a number of German prisoners.

FIELD FORTS CAPTURED

A two-fold gain is reported near Beau-sejour, where ground was taken and one of the German field forts captured. Elsewhere along the lines where the Germans attacked they were repulsed.

NO TRENCH FIGHTING

There was no trench fighting along the northern lines, from the sea to the Oise, the day being marked by an exchange of artillery fire.

CORONADO POLO TEAM

DEFEATS ALL-STARS

(Associated Press by Federal Wireless.)
SAN DIEGO, January 11.—In yesterday's polo game Coronado defeated the All-Stars by a score of 9 to 4.